

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 PA-01 SP-02 SS-15 NSCE-00 SSO-00
ICAE-00 INRE-00 /050 W
-----126579 261633Z /64

O R 261608Z MAY 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 6552
INFO ALL EC CAPITALS
AMCONSUL BELFAST
AMCONSUL EDINBURGH

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USEEC ALSO FOR EMBASSY

USOECD

E.O. 11652: N/A
TAGS: PINT PGOV UK
SUBJECT: LIBERALS TO ABANDON PACT AT END OF SESSION

REF: LONDON 2318

SUMMARY: LIBERAL LEADER STEEL MAY 25 ANNOUNCED THAT HIS PARTY WOULD END ITS PACT WITH THE GOVERNMENT AT THE CONCLUSION OF THE CURRENT SESSION OF PARLIAMENT. THIS ACTION HAD BEEN ANTICIPATED AND IS NOT EXPECTED TO HAVE A MAJOR IMPACT ON CALLAGHAN'S GENERAL ELECTION PLANS, THOUGH IT DOES LIMIT HIS ROOM FOR MANEUVER AND WILL INFLUENCE HIS DECISION. THE LIBERAL ANNOUNCEMENT, HOWEVER, LEAVES THE GOVERNMENT IN NO IMMEDIATE DANGER. END SUMMARY.

1. DAVID STEEL MAY 25 ANNOUNCED THAT THE LIBERALS WILL
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END THEIR AGREEMENT WITH THE GOVERNMENT AT THE CONCLUSION OF THE CURRENT PARLIAMENTARY SESSION -- THE GOVERNMENT HOPES TO CONCLUDE ALL PENDING BUSINESS BY THE TIME PARLIAMENT RISES IN LATE JULY, BUT A SHORT SPILL-OVER SESSION IN SEPTEMBER OR OCTOBER MAY BE NECESSARY. STEEL'S ANNOUNCEMENT ALSO SEEMS TO FORECLOSE ANY POSSIBILITY OF RENEWING THE PACT FOR THE NEXT SESSION OF

PARLIAMENT, SHOULD CALLAGHAN DECIDE NOT TO GO FOR A
GENERAL ELECTION THIS FALL.

2. IN MAKING THE ANNOUNCEMENT, STEEL EMPHASIZED THAT
THE ORIGINAL LIBERAL DECISION TO SUPPORT THE GOVERNMENT
HAD BEEN TAKEN IN THE NATIONAL INTEREST AND HAD SERVED
THAT INTEREST WELL; THAT THE LIBERALS WOULD CONTINUE TO
SUPPORT THE GOVERNMENT FOR THE BALANCE OF THIS SESSION;
AND THAT ANY DECISIONS TO SUPPORT OR OPPOSE THE GOVERN-
MENT IN THE NEXT SESSION, IF THERE IS ONE, WOULD BE
MADE ON A CASE-BY-CASE BASIS. CALLAGHAN RESPONDED TO
STEEL'S ANNOUNCEMENT (OF WHICH HE WAS GIVEN ADVANCE
NOTICE) BY THANKING THE LIBERALS FOR THEIR COOPERATION
AND CONFIDENCE AND TELLING COMMONS THAT THEIR ACTION
WILL ENSURE THE COMPLETION OF PENDING LEGISLATION,
PARTICULARLY THE SCOTLAND AND WALES BILLS.

3. COMMENT: THE END OF THE LIBERAL PACT WAS EXPECTED
-- INDEED, STEEL FORESHADOWED THE ANNOUNCEMENT IN A
SPEECH THE PREVIOUS WEEKEND -- AND ENHANCES THE ALREADY
STRONG PROBABILITY THAT CALLAGHAN WILL CALL A GENERAL
ELECTION IN THE FALL (REFTEL). THE AMICABLE WAY IN
WHICH THE ANNOUNCEMENT WAS MADE SUGGESTS THAT BOTH STEEL
AND CALLAGHAN WERE AT PAINS TO DEMONSTRATE THE DECISION
DID NOT AFFECT THE GOVERNMENT'S PARLIAMENTARY POSITION
FOR THE BALANCE OF THE SESSION, THAT A RESIDUE OF GOOD
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WILL REMAINED ON BOTH SIDES AND THAT NEITHER SIDE WISHED
TO RULE OUT THE POSSIBILITY OF SOME FUTURE ARRANGEMENT,
SAY AFTER THE NEXT GENERAL ELECTION. IN SHORT, STEEL'S
ANNOUNCEMENT WAS ANTICIPATED, GAVE CALLAGHAN NO PROBLEMS
FOR THE BALANCE OF THIS SESSION AND HAD ONLY A MODEST
INFLUENCE ON THE QUESTION OF THE TIMING OF THE NEXT
ELECTION.

STREATOR

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